## Morris, Nichols, Arsht & Tunnell Llp

1201 NORTH MARKET STREET
P.O. Box 1347
WILMINGTON, DELAWARE 19899-1347

302 658 9200 302 658 3989 Fax

Geoffrey A. Sawyer, III 302 351 9417 302 498 6221 Fax gsawyer@mnat.com

December 17, 2007



## **BY HAND AND VIA E-MAIL**

Ms. Karen Nickerson Secretary Public Service Commission 861 Silver Lake Blvd. Cannon Building, Suite 100 Dover, DE 19904

Re:

In the Matter of Integrated Resource Planning for the Provision of Standard Offer Supply Service by the Delmarva Power & Light Company Under 26 Del. C. Section 1007(c) & (d): Review and Approval of the Request for Proposals for the Construction of New Generation Resources Under 26 Del. C. Section 1007(d), PSC Docket No 06-241

Dear Ms. Nickerson:

Please find enclosed for filing and posting on the Delaware Public Service Commission website, the original and ten copies of NRG Energy Inc.'s comments on the Independent Consultant's "Assessment of Power Purchase Agreement Between Delmarva Power and Bluewater Wind Delaware LLC" in the above-referenced docket.

Sincerely,

Geoffrey A Sawyer, III (#4754)

GAS/lf

**Enclosures** 

cc: Interested Parties in PSC Docket No. 06-241 (via E-mail)



ORIGINAL.

NRG Energy, Inc. 211 Camegie Center Princeton, NJ 08540

Office: 609.524.5165 Cell: 609.651.7299 Fax: 609.524.4501

Email: david.davis2@nrgenergy.com

December 17, 2007

## **VIA E-MAIL AND FEDERAL EXPRESS**

The Honorable Arnetta McRae Commission Chair Delaware Public Service Commission 861 Silver Lake Boulevard Cannon Building, Suite 100 Dover, Delaware 19904

The Honorable Russell T. Larson Controller General Office of the Controller General Legislative Hall 411 Legislative Avenue Dover, Delaware 19901 The Honorable Jennifer Wagner Davis Director Office of Management and Budget Haslet Armory 122 William Penn Street 3rd Floor, Suite 301 Dover, Delaware 19901

The Honorable John A. Hughes
Secretary
Department of Natural Resources and
Environmental Control
89 Kings Highway
Dover, Delaware 19901

Re: In the Matter of Integrated Resource Planning for the Provision of Standard Offer Supply Service by the Delmarva Power & Light Company Under 26 Del. C. Section 1007(c) & (d): Review and Approval of the Request for Proposals for the Construction of New Generation Resources Under 26 Del. C. Section 1007(d), PSC Docket No 06-241

Dear Chair McRae, Director Davis, Controller General Larson and Secretary Hughes:

On November 20, 2007 the Delaware Public Service Commission (the "Commission"), the Delaware Office of Management and Budget, the Delaware Energy Office and the Delaware Controller General (collectively, the "State Agencies") ordered in the above-referenced docket that Bluewater Wind, LLC ("Bluewater") and Delmarva Power & Light Company, Inc. ("Delmarva") continue their negotiations for "the best deal possible" in the form of a proposed final Power Purchase Agreement ("PPA"). As envisioned by the State Agencies, Staff would then, with the assistance of the Independent Consultant ("IC"), perform an analysis of this final PPA. This analysis would serve as the basis for a decision by the State Agencies on December 18, 2007 about whether or not to proceed with the Bluewater transaction and, if they did decide to proceed, whether and how to move forward on the wind-firming proposals.

On December 10, 2007, the PPA was circulated among the interested parties and on December 13, 2007, the IC submitted the "Assessment of Power Purchase Agreement Between Delmarva Power and Bluewater Wind Delaware LLC" (hereinafter the "Report"). The Report evaluates the PPA with and without consideration of the NRG Energy, Inc. ("NRG") and Conectiv Energy Supply, Inc. ("Conectiv") backup firming proposals. We note that, while the Report footnotes NRG's willingness to offer alternative wind-firming solutions, it continues to evaluate the NRG

The Honorable Arnetta McRae
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proposal based on its original terms, stating, "If the State Agencies reach a favorable conclusion with regard to the Bluewater/Delmarva PPA, there will be a further opportunity to consider changes to NRG's proposal." Report at p.3, fin 5.

NRG reiterates its position set forth in our comments filed on November 13, 2007, and in our oral testimony at the November 18, 2007 public hearing. First, NRG has offered significant modifications to its original proposal and, taking into consideration these modifications, we believe that our combined-cycle proposal is the best wind-firming option for Delaware and Delmarva's SOS customers. Second, should the State Agencies decide that it is in Delaware's best interests to couple the Bluewater wind farm with a dual-fuel peaking facility, NRG stands ready to submit a revised proposal for a peaking facility on substantially the same terms as those set forth in the Conectiv term sheet. As previously mentioned, we believe that a peaking facility developed by NRG would have considerably higher economic and environmental benefits than the facility currently being offered by Conectiv, including NRG's use of a brownfield site with current oil storage capacity, employees on hand and its minimal interconnection costs and environmental disruption.

In short, should the Bluewater PPA be approved, we are eager to work with the State Agencies and Delmarva to submit a proposal that represents the best overall wind-firming solution for Southern Delaware and Delmarva ratepayers.

Sincerely,

David L. Davis

Vice President, Development

Navil Sami

NRG Energy, Inc.